HOME OIL COMPANY LIMITED

Annual Report • 1958

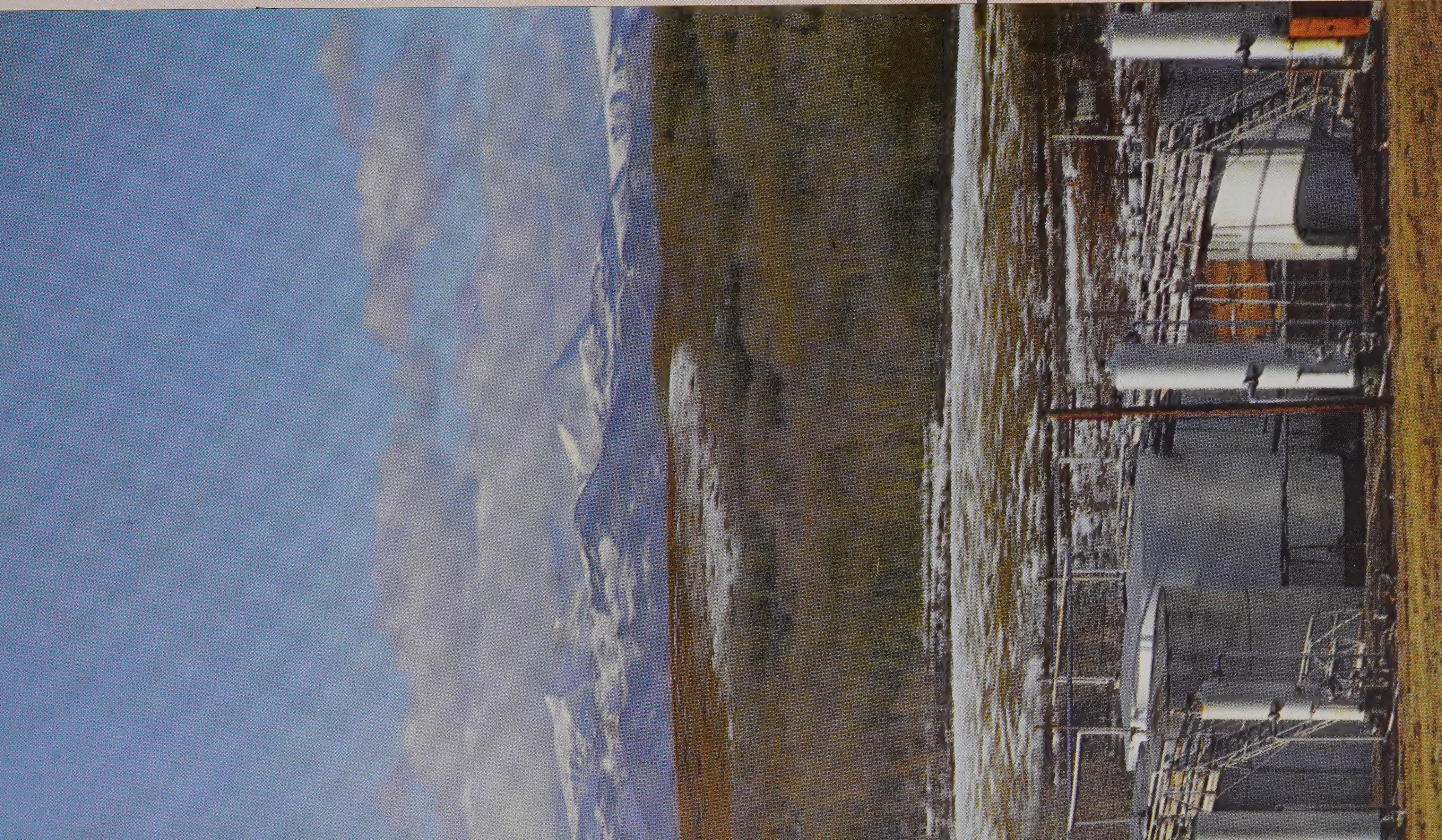
ALBERTA

OIL AND GAS MAP

(indicating properties of Home Oil Company Limited)

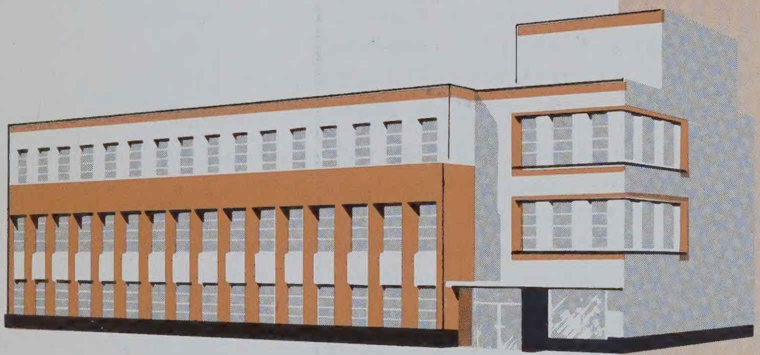
Home Oil Company Limited

Property in which Home Oil has varied interests	Drilling
Oil Fields	Abandoned Well
Gas Fields	Oil Pipe Lines
Oil Well	Gas Pipe Lines
Location	Proposed Pipe Lines



HOME OIL COMPANY LIMITED

ANNUAL REPORT 1958



Our Cover

It is more than fitting, for the cover of its thirtieth annual report, that Home Oil Company Limited should return to Turner Valley. It was here where the company was born in the second Turner Valley boom of 1925, here that it prospered in the third boom of 1936-39. From small beginnings, the company obtained its Dominion Charter in 1929. Now, after more than 30 years, interest is again being revived in Turner Valley as secondary recovery projects get under way. Our cover picture looking westward to the Rockies was taken for Home Oil by Harry Rowed of Jasper, Alta.

Carstairs

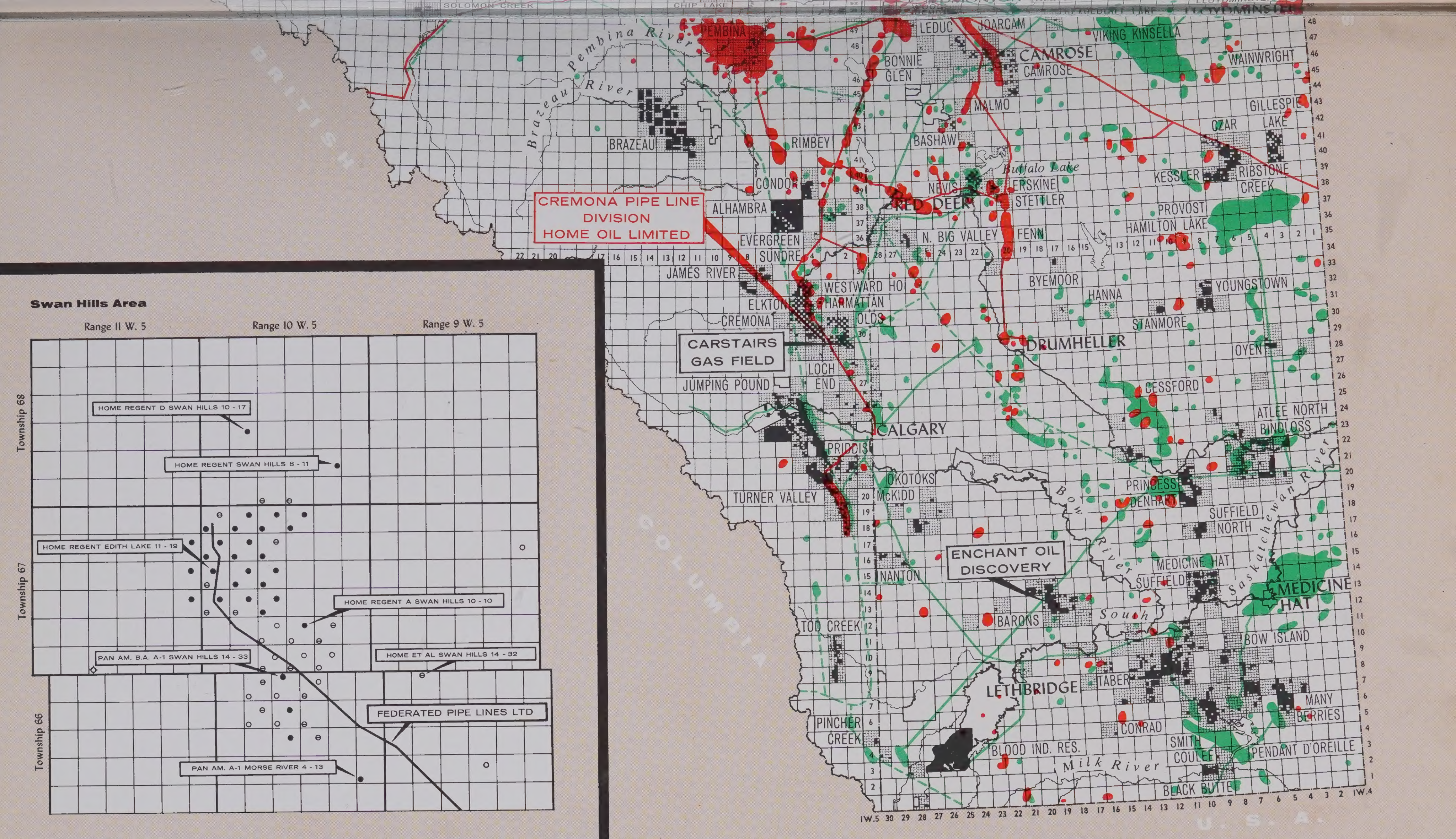
What does 107,000,000 cubic feet of gas per day mean? You can get a suggestion of an answer by turning this leaf to page two where we have reproduced in color the test flare at the Home Carstairs 10-33 well, which rated that open flow potential.

Swan Hills

The growth of Home Oil operations in Swan Hills is illustrated by the aerial view of the Home Camp on page fourteen. This camp on Edith Lake is the base of the company's Swan Hills operations.

Map showing properties of HOME OIL COMPANY LIMITED

Contents


Swan Hills Area
Range II W. 5
Range 10 W. 5
Range 9 W. 5
Township 68
Township 67
Township 66
HOME REGENT D SWAN HILLS 10 - 17
HOME REGENT SWAN HILLS 8 - 11
HOME REGENT EDITH LAKE 11 - 19
HOME REGENT A SWAN HILLS 10 - 10
PAN AM. B.A. A-1 SWAN HILLS 14 - 33
HOME ET AL SWAN HILLS 14 - 32
FEDERATED PIPE LINES LTD
PAN AM. A-1 MORSE RIVER 4 - 13
CREMONA PIPE LINE
DIVISION
HOME OIL LIMITED
CARSTAIRS
GAS FIELD
ENCHANT OIL
DISCOVERY
BRITISH
COLUMBIA
U. S. A.
PEMBINA
LEDUC
JOARCAM
CAMROSE
VIKING KINSELLA
WAINWRIGHT
BONNIE GLEN
MALMO
GILLESPIE LAKE
CZAR
BRAZEAU
RIMBEY
BASHAW
Buffalo Lake
KESSLER
RIBSTONE CREEK
CONDOR
NEVIS
ERSKINE
STETTLER
ALHAMBRA
RED DEER
PROVOST
HAMILTON LAKE
EVERGREEN
N. BIG VALLEY
FENN
SUNDRE
JAMES RIVER
BYEMOOR
YOUNGSTOWN
WESTWARD HO
HANNA
HARMATTAN
ELKTON
CREMONA
OLDS
STANMORE
DRUMHELLER
OYEN
LOCH END
JUMPING POUND
CESSFORD
ATLEE NORTH
BINDLOSS
CALGARY
PRIDDIS
OKOTOKS
MCKIDD
TURNER VALLEY
PRINCESS
DENHART
SUFFIELD NORTH
NANTON
MEDICINE HAT
SUFFIELD
MEDICINE HAT
TOD CREEK
BARONS
BOW ISLAND
LETHBRIDGE
TABER
MANY BERRIES
PINCHER CREEK
CONRAD
BLOOD IND. RES.
SMITH COULEE
PENDANT D'OREILLE
BLACK BUTTE
Pembina River
Brazeau River
Bow River
South Saskatchewan River
Milk River
SOLOMON CREEK
CHIP LAKE

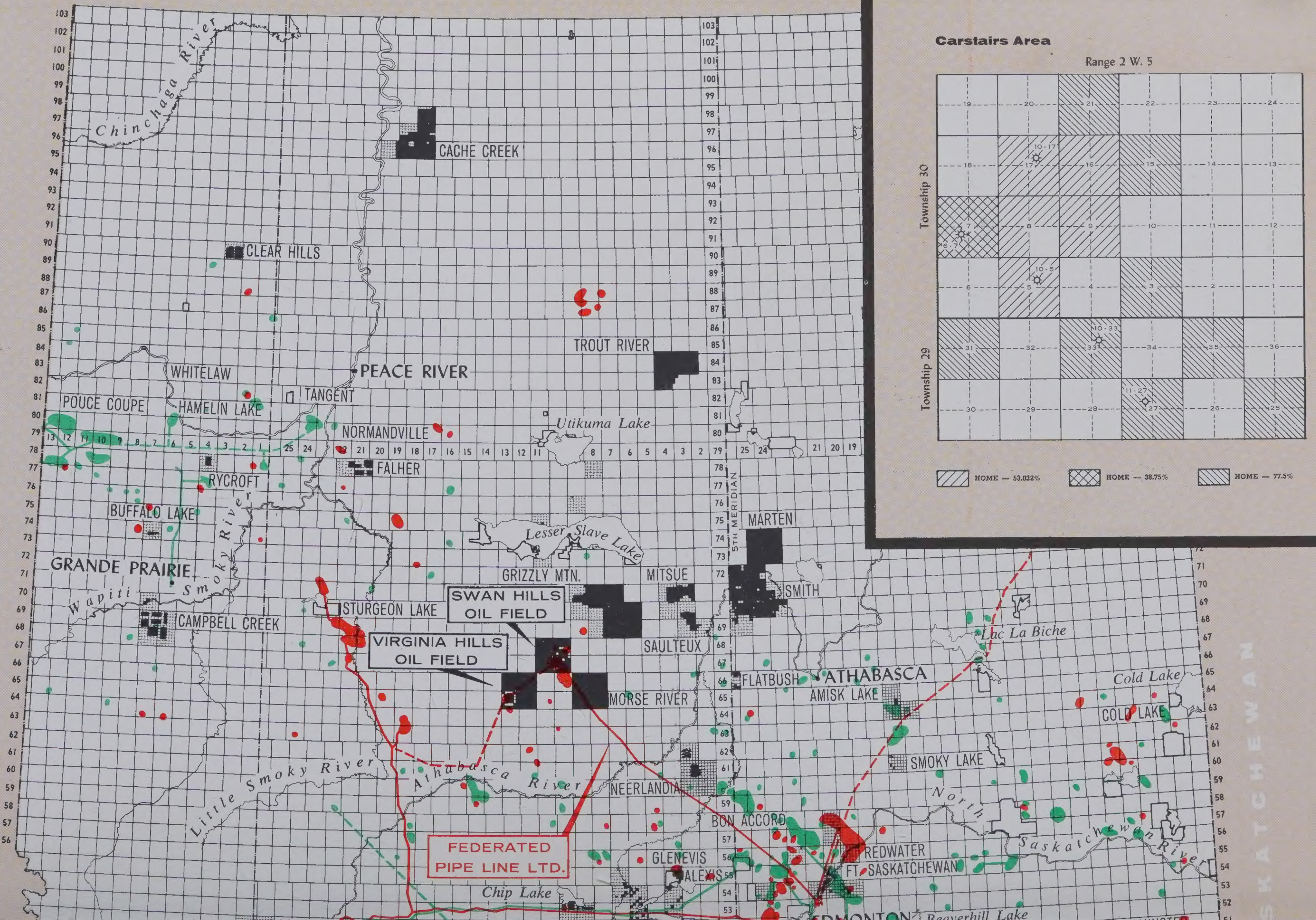
Home Oil Company Limited

ALBERTA

OIL AND GAS MAP

(indicating properties of Home Oil Company Limited)

- Property in which Home Oil has varied interests
- Oil Fields
- Gas Fields
- Oil Well
- Location
- Drilling
- Abandoned Well
- Oil Pipe Lines
- Gas Pipe Lines
- Proposed Pipe Lines



HIGHLIGHTS OF THE DIRECTORS' REPORT

	1958	1957
FINANCIAL		
Gross income from operations	$ 7,510,000	$ 9,097,000
Income before capital charges	$ 2,853,000	$ 4,323,000
Loss for the year	$ 597,000	$ 770,000
Capital expenditures (including dry hole costs)	$ 8,153,000	$ 4,533,000
Investment — Trans-Canada Pipe Lines Limited — year end	$30,493,000	$12,985,000
OPERATING		
Oil production — net barrels	2,471,000	3,093,000
Daily average — net barrels	6,770	8,473
Cremona pipeline throughput — daily average barrels	7,390	5,945
Wells drilled — gross	43	30
Land holdings — net acres	1,104,335	769,000
Oil and LPG reserves — net barrels, proven and probable	165,762,000	88,013,000
Gas reserves — billion cubic feet, proven and probable	495	306
Shareholders	12,370	11,413
Employees	285	255

To the Shareholders of

HOME OIL COMPANY LIMITED

Despite the severe cut-back in Alberta oil production, the year 1958 was one of the most successful ever recorded by Home Oil Company Limited. It saw the development of your Company's Swan Hills discovery into a major oil field, the discovery of the Carstairs gas field, and the completion of a crude oil pipeline from Swan Hills to Edmonton. As a result of successful exploratory and development drilling, your Company's crude oil reserves were increased by 71,000,000 barrels and its gas reserves by 190 billion cubic feet.

a big year . . .

The Swan Hills field, 130 miles northwest of Edmonton, contained two completed wells six miles apart on January 1st, 1958. The early winter drilling resulted in the completion of three additional wells between the two discoveries, a one-mile southwest extension, and the bringing in of our No. 10-10 well. Located six miles south of the original discovery, and four miles southeast of the second, No. 10-10 was the best well drilled by Home Oil since Turner Valley. On test it flowed oil at the rate of 1, 569 barrels per day through a 25/64 inch choke.

success at Swan Hills . . .

A 26-well development drilling program got under way in October with eight drilling rigs. By December 31st our total of successful completions in Swan Hills had reached 16. The Swan Hills field was still not delimited on any side. On neighboring leases, it was extended 5½ miles south by a successful wildcat. Early in February, 1959, your Company successfully completed a three mile step-out to the northwest of nearest production.

Home Oil's working interest in the original Swan Hills acreage is 31.25%.

In April, 1958, Home Oil completed its discovery well in the Carstairs gas field from a 90 foot pay section of the Mississippian formation. The open flow potential of this well was calculated at 44,000,000 cubic feet per day. This rate was substantially exceeded in follow-up successes. One of these recorded an open flow potential of 107,000,000 cubic feet per day. Daily production, depending upon the development of the Carstairs field, will probably exceed 60,000,000 cubic feet per day. Your Company's interest in the as yet undelineated field is expected to exceed 35%.

gas discovery at Carstairs . . .

As will be seen from the special study of McDaniel Consultants Ltd., which is set forth in detail in this report, the effect of the foregoing developments has been to increase your Company's crude oil reserves from 81,691,000 barrels at the beginning of the year to 152,644,000 barrels at December 31st.

oil reserves increase . . .

During the same period, our reserves of natural gas liquids more than doubled, rising from 6,322,000 barrels to 13,118,000 barrels. This increase is attributable mainly to Carstairs which is very rich in natural gas liquids — 34 barrels per 1,000,000 cubic feet. Home Oil's natural gas reserves increased from 306 billion cubic feet to 495 billion cubic feet.

gas reserves increase . . .

extended operations . . .

Home Oil is the operator of the major projects in which it participates. It has discovered the Harmattan-Elkton, Virginia Hills, Swan Hills and Carstairs fields, and participated in the discovery of Westward Ho and Sarcee. Early in 1959 we were able to report the discovery of both gas and oil in our wildcat in the Enchant area of southern Alberta.

During 1958, your Company was pleased to have the Kern County Land Company of California as a major associate in its operations in addition to two eastern Canadian companies, Geoil Limited and Alminex Limited, which have participated in most Home undertakings for several years. Two results of significance have developed from this association. It has enabled Home Oil Company to build up a staff of highly skilled exploration, engineering and operating personnel. It has enabled the Company to extend its activities to a degree which otherwise would not have been possible.

The participation of our associates in 1958 enabled us to expand our Swan Hills operations. Our group purchased 3,200 acres of proven leases adjoining our developed property for $6,801,660 on which six producing oil wells have been drilled to date. We also purchased, on behalf of our group, the 92,000 acre Morse River reservation southeast of the Swan Hills block for $6,500,000. The first well drilled on this reservation, 10 miles southeast of Swan Hills No. 10-10 well, proved unproductive. However, geological information obtained encouraged further drilling. Early in 1959, successful wildcats were completed by others to the north and to the west of this reservation.

gas outlook improves . . .

From long being classed as a frozen asset, the bulk of our gas reserves will shortly become revenue producers. The Nevis field, in which your Company has been active since 1952, will be connected to market via the Alberta Gas Trunk Line and Trans-Canada Pipe Lines in late 1959. Plans for the construction and operation of a producers' co-operative gas processing plant at Nevis are well advanced. Our Carstairs gas has been contracted for sale to Trans-Canada Pipe Lines and delivery will start in 1960.

For many years we have supplied the City of Calgary with gas from our Turner Valley production. The price of this gas has been regulated by the Alberta Public Utilities Board. Home Oil is now engaged in a hearing before that Board for an increase in the price of gas which has been unchanged since 1948.

new pipeline . . .

At the time of our last annual report, the construction of a pipeline from Swan Hills to Edmonton was forecast. This line, Federated Pipe Lines Ltd., was completed in the fall of 1958 and started delivering oil to the refineries in January 1959. It has an initial capacity in excess of 20,000 barrels a day, with expansion possible to 78,000 barrels a day by installation of pumping stations. It was completed at a cost of approximately $5,600,000 which was well below our original estimate. Federated is owned jointly by Home Oil and Texaco Canada Ltd. It was designed to serve the entire Swan Hills area and will be extended to newly discovered production in 1959.

During 1958, our Cremona Pipe Line Division enjoyed another successful year. The average daily throughput for the year was 7,390 barrels, the best showing yet made. The expansion of the Calgary refining capacity, scheduled for completion in 1959, is expected to substantially increase the throughput of the Cremona line, which connects the Westward Ho, Harmattan-Elkton and Harmattan East fields with Calgary.

Trans-Canada Pipelines . . .

Home Oil increased its holdings in Trans-Canada Pipe Lines Limited in 1958 to 1,044,073 shares. Home Oil has the right to purchase an additional 158,666 shares at $15 per share. Reference to this investment is made in the notes to the financial statements.

This great project was completed in 1958 and even the most optimistic estimates of demand for natural gas have proven to be too low. As a result, Trans-Canada is now making plans to install additional compressor stations in 1959 and 1960 and to loop its line from North Bay to Ottawa and Montreal.

the Montreal market . . .

Much of the attention of your Company in 1958 was concerned with the activities of the Royal Commission on Energy Resources. The sales of Canadian oil in export markets in the United States dropped sharply as a result of the commercial preference of the refining companies for using their own Venezuelan, Indonesian and Middle East crudes. Your Company, having anticipated this development, became associated with other independent companies in sponsoring the proposed construction of a $400,000,000 crude oil pipeline to serve Montreal's 250,000 barrels per day refining complex.

This proposal met with opposition before the Royal Commission from all the international companies who operate refineries in Montreal. However, our efforts were redoubled and conclusive engineering studies were prepared. These studies indicated that Canadian oil could be laid down in Montreal at prices fully competitive with foreign crude.

Events since the preparation of these studies, and the several appearances of your president before the Royal Commission, have fully convinced us of the soundness of our proposals. These will be advocated with vigor and persistence during the coming year.

Gross income from operations totalled $7,509,800 for the year 1958. Crude oil and gas income totalled $6,667,540 and revenue from pipeline operations amounted to $842,260. Production income was adversely affected in 1958 by a price reduction and the decline in market allowables in Alberta.

loss for year . . .

The loss for the year was $597,000 after deducting all charges. Since 1953 a continuing exploration program has been sustained. Such a program results in substantial charges against income for dry hole costs, exploration and surrendered leases. This program has, in good part, resulted in an increase of oil reserves from 25,845,000 barrels at the end of 1953, to 152,644,000 barrels at the

end of 1958. In addition, a total of 13,000,000 barrels has been produced from these reserves during this period. The Company has diversified its assets through its investment in Trans-Canada Pipe Lines Limited and through its ownership in two crude oil pipe line systems in Alberta. All of these developments will, in time, result in an increased cash flow becoming available to the Company.

The 5% Convertible Subordinated Debentures were called for redemption during the year and substantially all of this issue was converted into Class "A" shares of the Company.

production was down . . .

Due to a sharp reduction in Alberta allowables during 1958, your Company's daily average net oil production dropped to 6,770 barrels per day from 8,473 barrels per day in 1957. Total net production was 2,471,111 barrels, compared with 3,092,797 barrels in 1957.

staff reorganized . . .

In keeping with the steady expansion in Home Oil operations, your Company undertook some substantial internal changes during 1958. Your directors are pleased to note that this reorganization was accomplished entirely within the Home Oil staff. The progress which we have reported above is in large measure due to the ability, enthusiasm and loyalty of the employees of your Company.

This report includes a brief outline of your Company's internal organization. Because of our substantial shareholdings in Trans-Canada Pipe Lines Limited, we have also included a special report on that company's operations in 1958.

industry future . . .

While the Canadian oil industry suffered a rather severe reduction in production in 1958, this may well prove to be a blessing in disguise. It has concentrated attention, as nothing else could, on the imperative need of developing a national oil policy for Canada. Such a policy will result in expanding markets for Canadian oil in Canada. Your Company's discoveries place it in a favorable position to maintain its production and to take advantage of any expansion of demand for Alberta oil.

Similarly, the completion of the Trans-Canada Pipe Line will make possible the disposal of large volumes of natural gas from Alberta. We can confidently look forward to many years of expanding demand for our gas and a healthy growth in the demand for our oil once the present temporary problems have been overcome.

Respectfully submitted on behalf of the Board of Directors,

R. A. Brown Jr.

President.

Calgary, Alberta
April 4, 1959

EXPLORATION and DEVELOPMENT

Exploratory and development drilling in 1958 was largely concentrated in the Swan Hills-Virginia Hills region of Central Alberta. The Swan Hills field accounted for the greatest part.

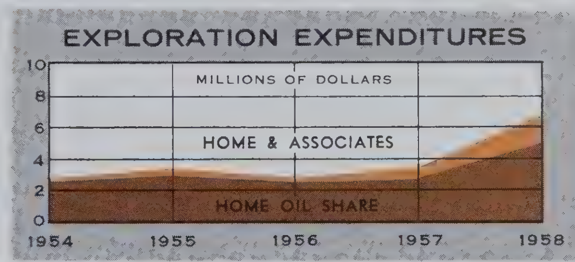
At the beginning of 1958, only two wells had been completed as oil producers at Swan Hills. Five additional wells, all long step-outs, were carried through the pay zone and assured of oil production by spring, thus proving that the Swan Hills field is a major oil accumulation. Development well sites and lease roads were laid out and prepared during the summer and early fall, so that by the beginning of November, development drilling was resumed. Nine drilling rigs were used on lands in which Home has an interest. Eight additional wells had finished drilling by the end of 1958, and a further five wells were under way.

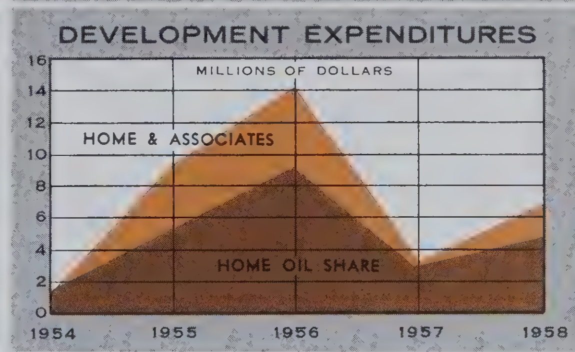
Also of great importance to the Company, wet gas was discovered by Home and its associates at Carstairs, about 30 miles north of Calgary. The gas occurs in the Elkton member of the Rundle, the same horizon which is productive at Harmattan-Elkton, Westward Ho and Sundre. By the year's end, five wells had been drilled in this field, of which four were successful. Net pay varied from 55 to 120 feet in the successful wells, with absolute open flow rates of from 44 to 107 million cubic feet per day.

Late in 1958, a wildcat test, some 4½ miles southwest of the Swan Hills field, failed to find production and was abandoned.

On the Morse River block, immediately southeast of Swan Hills, which Home and its associates purchased for $6,500,000 at a Crown Reserve sale, an exploratory test was drilling at year-end. This well reached its objective early in 1959, and was abandoned. Although the pay zone was poorly developed and non-porous here, the mere fact of its presence is encouraging for commercial prospects elsewhere in the Morse River block. Two more wells, between the dry hole and the Swan Hills field, have subsequently started drilling.

On the Grizzly Mountain block some 20 miles northeast of Swan Hills, an exploratory test drilled early in 1958 was dry. The Swan Hills producing member was absent. A second well on this block was commenced at the end of the year,





and likewise failed to find production.

Limited drilling was conducted in the Harmattan-Elkton and Westward Ho areas. On Home's 320-acre lease in the Harmattan East field, three further wells were successful in finding production, thus completing development of this tract. One oil well was drilled in the central portion of the Harmattan-Elkton field, and drilling had commenced at a location at the north end of the field at year-end. This latter well was completed as an oil well early in 1959. At Westward Ho, three oil wells and two dry holes were drilled on lands farmed out to others by Home Oil.

In the Sarcee gas field, two wells were drilled jointly with Shell Oil Company. The first of these was unsuccessful. The second was completed from 178 feet of net pay with an open flow potential of 92 million cubic feet of gas per day. No further development in this field is planned. Home's net interest is 15.9%.

In all, Home Oil participated in the drilling of 22 exploratory wells and 30 development wells during 1958. This includes the five step-outs at Swan Hills drilled early in the year. One of the exploratory tests was successful in finding gas in commercial quantities. Out of 30 development wells in which Home Oil had an interest, 25 were successful and five were abandoned.

PRODUCTION and ENGINEERING

Your Company's net share of oil production of 2,471,111 barrels in 1958, or 6,770 barrels per day, came from wells which had a gross production of 4,883,858 barrels, or 13,380 barrels per day. These figures include wells Home Oil operates as well as our share of production from wells operated by others. Company operated wells produced 3,145,371 barrels in 1958 or 8,617 barrels per day, of which Home Oil's share was 5,574 barrels per day.

Engineering studies of secondary recovery potentialities of producing oilfields in which the Company has an interest have resulted in a water flood project being initiated by the Company in the north end of the Turner Valley field. This project involves 280 acres on which 7 wells are located. Water injection was started in October, 1958 and to March 1, 1959 a total of 508,700 barrels of water had been injected into the formation. Water is being injected into 3 wells at a current rate of 3,400 barrels per day. This pilot project is proceeding very satisfactorily and it is anticipated that the project will eventually be expanded to include some 70 wells involving approximately 2,800 acres. The Company is also participating substantially in a second water flood project in the south end of the Turner Valley field. This project has been started and involves 2,080 acres on which 49 wells are located.

In Pembina 640 acres involving 8 wells were placed on water flood during 1958. This brings the total acreage in Pembina that is being water flooded by the Company to 1,440 acres. The acreage that was placed on water flood during 1957 continues to show favourable response and plans are being formulated to place additional properties under pressure maintenance operations during 1959.

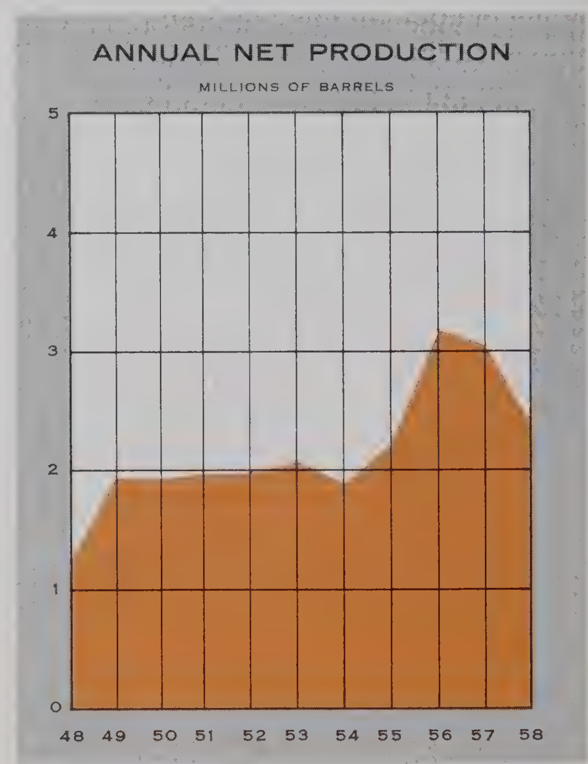
The Company is continuing its efforts to increase production and recoverable reserves by secondary recovery operations on all other applicable properties. These future projects may or may not involve co-operation by means of unitization with other companies.

CREMONA PIPE LINE DIVISION

Early in 1958, a seven mile extension of 6⅝ inch line was made to serve the Harmattan East field. At three of its four main batteries, Cremona completed the installation of meters in preparation for converting the system to automatic custody transfer. When completed this will result in an important savings in capital costs and manpower.

With additions made during the year, Cremona now serves 38 oil batteries in the Westward Ho, Harmattan and Harmattan East fields. Daily crude movements for 1958 and comparative figures for 1957 were:

	1958	**1957**
	Barrels	
Gathered	8,055	5,546
Transmitted to Calgary	7,390	5,945



COMPANY SHARE OF PRODUCTION
(CRUDE OIL)

Field	1958 (Barrels)	1957 (Barrels)
Turner Valley	487,985	564,147
Pembina	430,770	710,163
Leduc-Woodbend	399,611	497,914
Harmattan-Elkton	387,847	428,498
Redwater	247,653	400,959
Erskine	228,417	236,723
Westward Ho	154,412	140,267
Joarcam	63,039	80,543
Harmattan East	21,285	—
Swan Hills	20,573	283
Stettler	12,987	16,812
Sundre	7,184	6,902
Virginia Hills	6,010	—
Glenevis	3,226	8,688
Carstairs	112	—
Other fields	—	898
	2,471,111	3,092,797
DAILY AVERAGE	6,770	8,473

The Company's production was adversely affected during 1958 because of:

(1) A reduction of 18.3% in the market demand for Alberta crude from the year 1957.

(2) Sale of producing properties in Pembina and Harmattan-Elkton to Tennessee Natural Gas Transmission Company on January 1, 1958.

(3) Normal decline in production rate in some of the older fields.

1958 DRILLING RECORD
WELLS COMPLETED IN 1958

	Development	Exploratory	Total
Gross Wells	25	18	43
Net Wells	8.58	7.21	15.79

	Development Gross	Development Net	Exploratory Gross	Exploratory Net	Total Gross	Total Net
Oil	17	5.44	—	—	17	5.44
Gas	5	2.00	1	0.58	6	2.58
Dry	3	1.14	17	6.63	20	7.77

In addition to the above, Home Oil participated in further drilling operations through land contributions. This consisted of five development wells of which three were completed as oil wells (Home 3.875 gross royalty) and two as dry and abandoned.

There were also four exploratory wells drilled, all of which were dry and abandoned.

At the year's end there were ten development oil wells and five exploratory wells being drilled. Home Oil has an interest in each of these wells.

PRODUCING PROPERTIES AS OF
DECEMBER 31, 1958

PRODUCING OIL WELLS

Field	Gross Wells	Net Wells
Camrose	34	10.8
Erskine	20	17.5
Harmattan-Elkton	24	15
Harmattan East	4	1
Leduc-Woodbend	69	33.7
Pembina	49	30
Redwater	24	18.0
Stettler	1	0.9
Sundre	2	1.2
Turner Valley	126	96.8
Westward Ho	19	8.3
Glenevis	2	0.7
Swan Hills	7	2.2
Virginia Hills	2	0.40
	383	236.5

PRODUCING GAS WELLS

Field	Gross Wells	Net Wells
Turner Valley	9	8.5
Bindloss	5	.5
Atlee-Buffalo-Jenner	3	.8
	17	9.8

CAPPED GAS WELLS

Field	Gross Wells	Net Wells
Amisk Lake	3	.8
Bindloss	7	.7
Erskine	2	1.312
Harmattan-Elkton	3	2.1
Nevis	5	1.4
Priddis	2	.3
Woodbend	1	.3
Miscellaneous Areas	3	0.8
Carstairs	4	2.3
Atlee-Buffalo-Jenner	9	2.4
	39	12.4

ROYALTY INTEREST — OIL

Field	Gross Wells	Net Wells
Camrose	4	0.2
Turner Valley	5	.5
Leduc	4	0.4
Westward Ho	4	.15
	17	1.25

ROYALTY INTEREST — GAS

Field	Gross Wells	Net Wells
Fort Saskatchewan	5	0.5

MISCELLANEOUS STATISTICS

Natural Gas Liquid Sales		
Home Share	64,800	barrels
Natural Gas Sales		
Home Share	5,371,993	M.C.F.
Pressure Maintenance		
Water Injection Wells (Gross)	12	Wells
(Net)	7.76	Wells

RESERVES

Because of the rapid and successful development of the Home Oil Swan Hills field, McDaniel Consultants Ltd. was requested to prepare a year-end estimate of Home Oil gas and oil reserves and, because of the extensive winter development program in Swan Hills, a reserve estimate was also made for April 1, 1959.

Crude Oil Reserves (Barrels)

	April 1, 1959	Jan. 1, 1959	Jan. 1, 1958
Proven Developed	60,882,000	43,236,000	35,076,000
Proven Undeveloped	13,594,000	23,820,000	8,750,000
Probable Additional	77,459,000	85,588,000	37,865,000
	151,935,000	152,644,000	81,691,000

Natural Gas Liquids (Barrels)

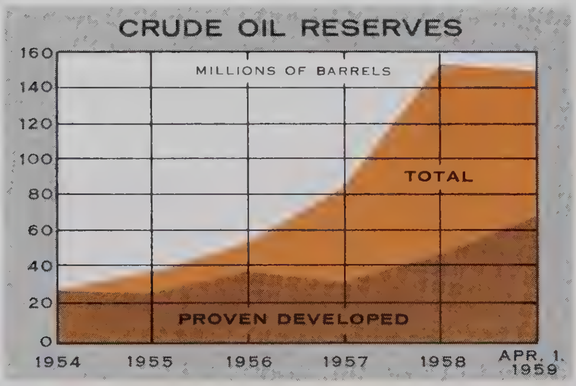
	April 1, 1959	Jan. 1, 1959	Jan. 1, 1958
Proven Developed	6,588,000	6,608,000	3,837,000
Proven Undeveloped	4,128,000	4,128,000	2,172,000
Probable Additional	2,382,000	2,382,000	313,000
	13,098,000	13,118,000	6,322,000
Total Crude Oil and Natural Gas Liquids	165,003,000	165,762,000	88,013,000

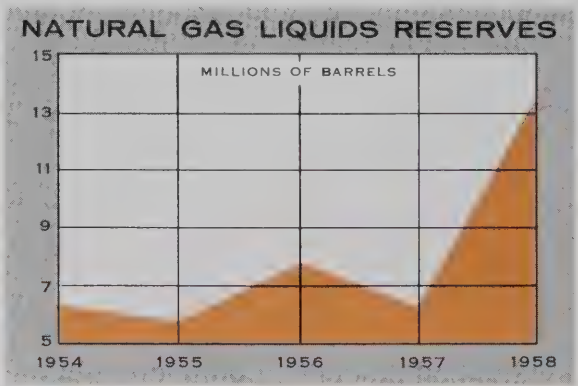
Natural Gas (m.c.f.)

	April 1, 1959	Jan. 1, 1959	Jan. 1, 1958
Proven Developed	264,434,000	266,389,000	186,762,000
Proven Undeveloped	137,322,000	137,322,000	81,340,000
Probable Additional	92,128,000	92,128,000	37,470,000
	493,884,000	495,839,000	305,572,000

McDaniel Consultants Ltd. commented on these reserves as follows:

"The proven developed crude oil reserves assigned to the Company's interests in the Swan Hills field were predicated on the basis of a 320 acre spacing pattern. The Oil and Gas Conservation Board of Alberta has issued a temporary 160 acre spacing order for this field. The operators are, however, carrying out development on a 320 acre basis. It is believed that development on a 320 acre pattern will provide sufficient wells to efficiently drain this reservoir. It is evident, however, that if a closer spacing pattern than that presently being employed is permanently established further development will be required. In all other cases the proven developed crude oil reserves were estimated on the basis of the established spacing pattern."

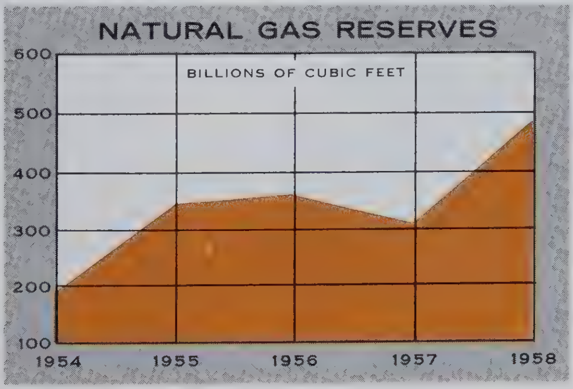




NATURAL GAS

Natural gas sales in 1958 amounted to 5,371,993 Mcf. and 65,000 barrels of L.P.G. products. The natural gas production for the Pembina and Atlee-Buffalo fields was joined to market in 1958. In addition to the above natural gas is being marketed from Turner Valley, Jumping Pound, Leduc-Woodbend, Ft. Saskatchewan, Redwater and Bindloss. It is anticipated that natural gas will be marketed from the Nevis field during 1959. In addition, plans are under way for the construction of processing facilities in the Carstairs field in order that this gas may reach a market in the early part of 1960. The marketing of natural gas from both the Nevis and Carstairs fields will result in a considerable increase of revenue to the Company and should triple our current natural gas production.

The Company is currently selling the gas in the Atlee-Buffalo field at a contract price of 10.25¢ per Mcf. The Company's gas in the Nevis field is under contract to Trans-Canada at a price of 10¢ per Mcf. The contract price with Trans-Canada for the Carstairs gas is 13.25¢ per Mcf. In all cases the contract calls for an increase in price of one-quarter of a cent for each year for several years.



Much of the natural gas which will be developed in Alberta and marketed to main-line transmission companies requires processing. It contains hydrogen sulphide and this must be removed before sale to pipelines. Very often, most of the revenue obtained from sulphur sales is absorbed in the cost of removing it.

The Carstairs gas contains only ½ of 1% hydrogen sulphide and hence processing costs will be low.

The Carstairs gas is rich in liquid hydro-carbons and in addition to 10,000,000 cubic feet of gas per day, the Carstairs wells are each capable of producing several hundred barrels of condensate per day. With an expanding refining industry less than 35 miles away in Calgary, a ready market should be available for it.

We have obtained modest revenue through the years from our sales of gas from Turner Valley, where the price of gas has been unchanged since 1948. If the hearings now being held by the Alberta Board of Public Utilities Commissioners produce favorable results, this revenue will be increased substantially. We have applied to have Turner Valley prices placed on a par with those being paid for export. In addition, we have asked for payment for the premium heating quality of Turner Valley gas and to have a load factor set which will give us a steadier market.

The natural gas reserves of the Company during 1958 increased some 62% to a total of 495 billion cubic feet. This increase in natural gas reserves was largely due to the discovery of the Carstairs gas field by Home Oil Company Limited. As a direct result of the increase of natural gas reserves, the natural gas liquid reserves increased some 107% to 13,118,000 barrels.

FINANCIAL

Gross income from operations amounted to $7,509,800 in 1958 as compared with $9,096,853 in the previous year. Income was adversely affected by the decline in market allowables in Alberta during 1958 and by a reduction in price of crude oil.

Income before capital charges for depreciation and depletion, surrendered leases and dry hole costs (cash flow) was $2,853,474 in 1958 as compared with $4,322,619 in 1957. After deducting these items there was a loss of $596,524 for the year. Earned surplus has been credited with $3,430,245 being the gain on exchange of certain oil and gas properties in 1958.

Effective January 1, 1958, the Company adopted the policy of charging off exploration expenditures as incurred. This is one of the accepted accounting practices in the industry and results in the accounts clearly reflecting the actual scope of exploratory operations for the fiscal period. Exploration expenditures deferred at the end of 1957 in the amount of $789,133 were charged to earned surplus. This change in policy had the effect of increasing the loss for the year by $135,000.

Capital expenditures, including dry hole costs, were $8,152,588 as compared with $4,532,789 in the previous year. The major capital requirements in 1958 were for the development of the Swan Hills and Carstairs fields and for secondary recovery installations in Turner Valley and Pembina. It is of interest to note that the item "non producing properties" in the Balance Sheet includes development cost of capped gas wells in the amount of $1,203,573 at the end of 1958. Total expenditures on exploration and development on behalf of the Company and its major associates were $13,857,768 in 1958 and $7,084,658 in 1957. The Company is the operator and has a basic 50% interest in the majority of exploration and development programs with three major associates sharing the remaining 50%.

During the year, Federated Pipe Lines Ltd., in which the Company has a 50% interest, constructed a crude oil pipeline from the Swan Hills field to Edmonton. The line went on stream early in January 1959 and the estimated cost is $5,600,000 including line fill and working capital. Long term financing is presently being arranged and bank loans incurred by Federated for construction will be repaid.

Long term debt, due after one year, decreased from $23,131,863 at the end of 1957 to $15,435,972 at the end of 1958. The Company issued 509,753 Class A shares during the year upon conversion of debentures. The working capital deficiency increased from $3,578,058 at the end of 1957 to $20,991,718 at December 31, 1958. A Source and Use of Funds Statement for the year follows:

SOURCE OF FUNDS

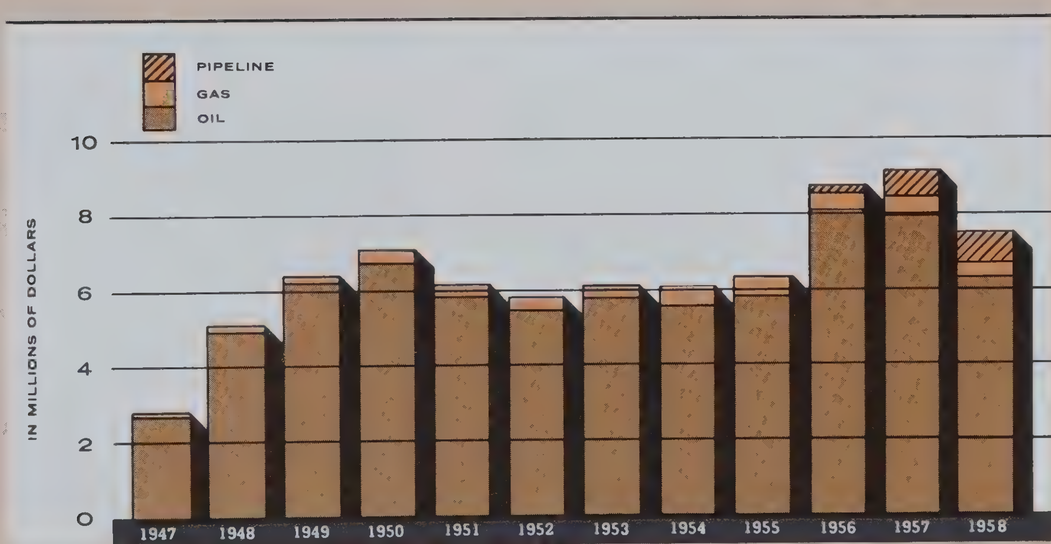
	1958	1957
	(THOUSANDS OF DOLLARS)	
Gross operating income	$ 7,510	$ 9,097
Interest income	12	124
Sales of investments, etc.	197	1,057
Issue of capital stock and debentures	1,111	1,273
Increase in working capital deficiency	17,414	11,745
	$26,244	$23,296

USE OF FUNDS

	1958	1957
Exploration, operating and administrative expenses	$ 2,930	$ 3,377
Capital expenditures, including dry hole costs	8,153	4,533
Investment in Trans-Canada Pipe Lines Limited	11,767	12,985
Investment in Federated Pipe Lines Ltd.	250	—
Repayment of long term debt	952	396
Interest expense	1,572	1,352
Dividends to shareholders	446	379
Miscellaneous uses of funds	174	274
	$26,244	$23,296

ANNUAL NET PRODUCTION

GROSS INCOME FROM OPERATIONS



LAND OPERATIONS

Home Oil in 1958 continued its policy of being highly selective in land acquisitions and in carrying a comparatively modest land inventory. As a result, our lease rentals and the costs of maintaining reservations are correspondingly low. During 1958, as in years past, we again concentrated our attention upon the Province of Alberta. We aquired an interest in a total of 424,495 acres of leases and reservations in Alberta. Elsewhere our acreage position has been somewhat reduced.

During 1958, Home Oil continued to participate in the Alaska land play, which followed crude oil discovery there, and now has a total of 257,500 acres under lease and option.

In addition to the above, Home Oil holds varying royalty interests in 30,953 acres in Alberta, 3,520 in Manitoba and 80 acres in Saskatchewan. In the United States, it holds a 50% interest in a total of 1,240 acres and through an American subsidiary has a 25% interest in 54,984 acres.

Exploration Acreage Holdings • December 31, 1958

Province	P. & N.G. Leases		Reservations and Gas Licenses		Totals	
	Gross	Net	Gross	Net	Gross	Net
ALBERTA	934,837	357,611	1,194,173	441,188	2,129,010	798,799
SASKATCHEWAN	74,611	8,464	—	—	74,611	8,464
MANITOBA	951	346	—	—	951	346
ONTARIO	78,453	39,226	—	—	78,453	39,226
ALASKA	—	—	—	—	257,500	257,500
Totals	1,088,852	405,647	1,194,173	441,188	2,540,525	1,104,335

TRANS-CANADA PIPE LINES LIMITED

The arrival of Alberta natural gas in Eastern Canada, in October, 1958, marked an historic milestone for Trans-Canada Pipe Lines Limited. Construction of the world's longest natural gas pipeline — 2,290 miles from Alberta to Montreal — was completed and Trans-Canada is now an operating natural gas transmission company.

The final weld in the line, made near Kapuskasing, Ontario, and the turning of Alberta gas into the systems of eastern distribution companies, climaxed a three-year construction program.

The first pipe arrived at Burstall, Saskatchewan, the start of the line, in June, 1956, and in the following months the pipeliners crossed the Prairie Provinces and Northwestern Ontario to reach the industrial heart of Canada. The project was completed ahead of schedule and under the estimated cost of $375,000,000.

During the 1958 construction season 5,000 men were employed on the 848-mile final link of the pipeline, between Port Arthur and Toronto. Five contractors built the 363 miles of line owned by the Northern Ontario Pipe Line Crown Corporation, with design and construction under the direction of Trans-Canada, and seven contractors built the 485-mile Trans-Canada section.

Simultaneously with the closing of the final link in the construction program, six compressor stations were being built at Burstall, Caron and Moosomin, Saskatchewan; Ile des Chenes, near Winnipeg, Manitoba; Port Arthur, on the Crown section, and at North Bay, Ontario.

In December, 1958, James W. Kerr, a native of Hamilton, Ontario, and former vice-president and general manager of Canadian Westinghouse Company's apparatus products group, was appointed president and chief executive officer of Trans-Canada. He succeeded Charles S. Coates, Trans-Canada's president since 1957, who became chairman of the board to fill the vacancy created by the resignation of N. E. Tanner. Mr. Tanner continues as a director.

In January, 1959, Trans-Canada received permission from the Alberta Oil and Gas Conservation Board, to export from the province 1.1 trillion cubic feet of natural gas, in addition to the 4.35 trillion cubic feet already under permit.

Trans-Canada is now a fully-operating pipeline system, although a continuing construction program is anticipated. A total of $13,500,000 will be spent during 1959, building four compressor stations, three of them on the Crown section and one on the Trans-Canada main line, and 15 sales meter stations.

Commencing in November, 1957, Trans-Canada provided gas service to eight distributing companies with approximately 300,000 meters in service. They contributed $8,684,750 to Trans-Canada in income for the year 1958.

By November, 1958, when the Crown Corporation section and the Trans-Canada section through Northern Ontario were completed, the number of distributors had been increased to ten. These distributors had attached nearly 500,000 meters and will provide Trans-Canada with a forecast revenue for the year beginning January 1, 1959, in excess of $33,000,000.

By the end of October, 1959, deliveries will commence to the Union Gas Company of Canada Limited adding at once approximately 205,000 meters and contributing an expected $6,000,000 to Trans-Canada's income from sales in the following twelve months.

Across the prairies . . .

. . . into the forests . . .

The use of gas has been directed to all classifications of users in 1958 and it is forecast that the advance will be made in 1959 and 1960 in the following pattern:

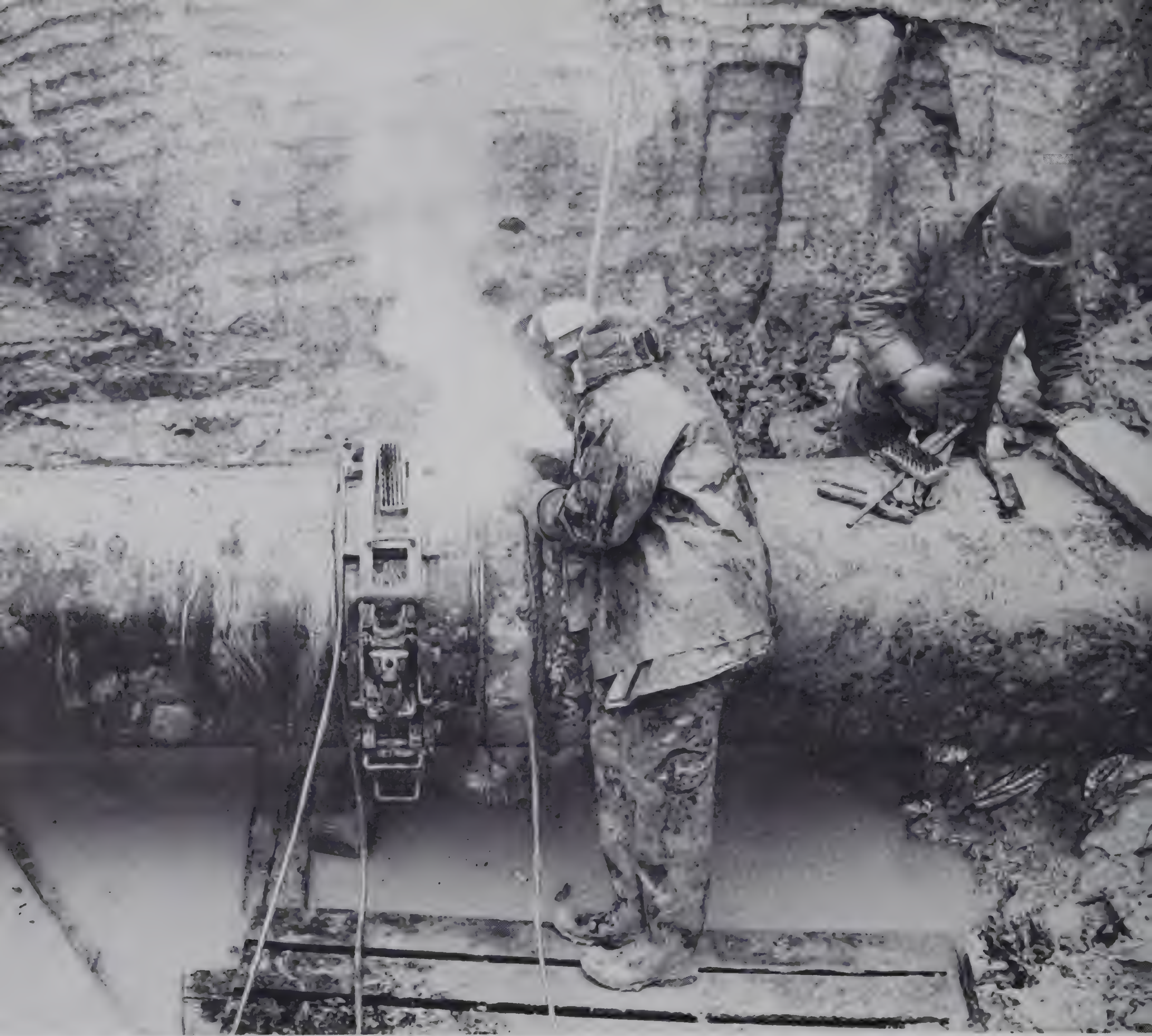
Percentage of Volume Sold to	**1958**	**1959**	**1960**
Residential use	42%	37%	42%
Commercial use	6%	7%	8%
Industrial use	48%	53%	45%
Company use and fuel	4%	3%	5%
	100%	100%	100%

The general recession experienced in all industries during 1958 generated sharp competition from other fuels, particularly in the area of industrial sales.

The outlook for 1959 appears to be much more normal, and an aggressive policy of attachment of new loads by the co-operative efforts of Trans-Canada and all distributors is expected to develop a market potential beyond that originally contemplated.

The sales forecasts for the calendar year 1959, which were prepared in November, 1958, may well call for upward revisions in view of up-to-date information being gathered almost daily from various distributors despite substantial sub-par past performances in certain market areas. Considerable new interest appears, now that unlimited supplies of natural gas are available, in housing developments, ore processing, chemical and petro-chemical industries, electric power generation by thermal stations, cement, steel-making, glass, tile, ceramics, building materials, and a host of secondary industries. Many eastern industries apparently waited for the actual completion of Trans-Canada Pipe Lines before beginning economic and financial studies to determine to what extent they may use natural gas.

. . . to the final weld .



The final weld which completed physical construction of the 2,294-mile Trans-Canada Pipe Lines natural gas line from Alberta to Montreal, was made October 10 at 6:46 p.m. at Kapuskasing in Northern Ontario. The welder, wearing leather windbreaker and hip waders to protect him from the cold, the rain and the mud, worked from a platform in the water-logged ditch under conditions typical of the final stages of construction. During the 1958 construction season approximately 5,000 men were building the final link of the pipeline, eastward from Port Arthur on the section of the Northern Ontario Pipeline Crown Corporation and north from Toronto on the Trans-Canada section. The historic final weld at Kapuskasing also marked the joining of the two sections of the pipeline.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets

	As at December 31, 1958	1957
CURRENT ASSETS		
Cash	$ 91,177	$ 412,720
Short term investments, at cost (market value 1958 — $7,124; 1957 — $189,773)	7,416	188,379
Accounts receivable	2,377,148	1,809,098
Due from affiliated companies	277,449	27,858
Inventories of materials and supplies, at lower of cost or market	1,306,798	1,046,815
	4,059,988	3,484,870
CASH IN HANDS OF SINKING FUND TRUSTEE	273,000	305,500
INVESTMENTS		
Trans-Canada Pipe Lines Limited (Note 2)	30,493,373	12,985,194
Other investments, at cost less amounts written-off	693,521	586,310
	31,186,894	13,571,504
PROPERTY, PLANT AND EQUIPMENT, at cost		
Petroleum and natural gas leases and rights together with development and equipment thereon		
Producing	53,632,644	54,848,389
Less accumulated depletion and depreciation	(31,732,998)	(30,081,531)
Non-producing	9,810,769	5,472,875
Land, buildings, carrier property and other equipment	5,446,433	5,055,821
Less accumulated depreciation	(1,337,473)	(1,002,754)
	35,819,375	34,292,800
OTHER ASSETS AND DEFERRED CHARGES		
Unamortized debt discount and expense	402,146	700,644
Miscellaneous	544,521	204,784
	946,667	905,428
	$72,285,924	$52,560,102

The accompanying notes to financial stateme

Liabilities

	As at December 31, 1958	1957
CURRENT LIABILITIES		
Due to bank — secured — demand loan	$19,980,277	$ 4,229,950
— overdraft	1,029,022	—
Accounts payable and accrued charges	2,930,994	2,057,884
Dividend payable	253,891	190,761
Current portion of long term debt	733,392	520,252
Estimated liability for taxes on income	124,130	64,081
	25,051,706	7,062,928
LONG TERM DEBT (Note 3)	15,435,972	23,131,863
CAPITAL STOCK AND SURPLUS		
Capital stock (Note 4)		
Authorized		
4,343,873 Class A shares of no par value		
3,656,127 Class B shares of no par value		
Issued and fully paid		
2,035,974 Class A shares (1957 — 1,526,221)	15,574,536	8,142,027
2,343,331 Class B shares (1957 — 2,321,231) (including 275,506 Class B shares held by subsidiary companies — see below)	12,336,079	12,124,697
	27,910,615	20,266,724
Earned surplus — per statement attached	7,304,224	5,514,283
	35,214,839	25,781,007
Less — Cost of 275,506 Class B shares held by subsidiary companies	3,416,593	3,415,696
	31,798,246	22,365,311
	$72,285,924	$52,560,102

Approved on behalf of the Board:

R. A. Brown Jr. Director

E. Fred Davis Director

an integral part of the above balance sheet.

Consolidated Statement of Income

	For the years ended December 31, 1958	1957
INCOME		
Gross income from operations	$7,509,800	$ 9,096,853
Interest	11,994	123,990
	7,521,794	9,220,843
EXPENSE		
Operating expense	1,190,730	1,546,821
General and administrative expense	775,556	746,682
Exploration expense	558,751	977,340
Dry hole costs	605,019	976,529
Non-producing property expense	382,838	351,789
Surrendered leases	184,956	687,837
Depreciation and depletion	2,660,023	3,427,791
Interest and expense on long term debt	1,129,964	1,279,728
Other interest	611,851	126,337
	8,099,688	10,120,854
Loss before taxes on income and other income	577,894	900,011
OTHER INCOME		
Gain resulting from the sale of subsidiary company and miscellaneous investments	—	155,385
Loss before taxes on income	577,894	744,626
PROVISION FOR TAXES ON INCOME of subsidiary companies	18,630	24,912
LOSS for the year	$ 596,524	$ 769,538

The accompanying notes to financial statements are an integral part of the above statement.

Consolidated Statement of Earned Surplus

For the year ended December 31, 1958

BALANCE as at January 1, 1958		$5,514,283
Add		
Gain on exchange of properties for investment in Trans-Canada Pipe Lines Limited (Note 5)	$3,430,245	
Adjustments of prior years taxes on income	191,099	3,621,344
		9,135,627
Less		
Exploration costs of prior years written-off (Note 5)	789,133	
Dividends on Class A shares	445,746	
Loss for the year	596,524	1,831,403
BALANCE as at December 31, 1958		$7,304,224

The accompanying notes to financial statements are an integral part of the above statement.

Notes to Financial Statements

As at December 31, 1958

Note 1 ACCOUNTING POLICIES

Exploration expenses are charged to income as incurred. Lease bonus acquisition costs are capitalized and the carrying charges of both producing and non-producing properties are charged to income. The capitalized cost is charged to income if a lease is surrendered. Producing leases are depleted using the unit of production method based upon recoverable quantities of oil and gas as determined by the company's engineers. The cost of drilling a productive well is capitalized and amortized on the unit of production method. The cost of an unproductive well is charged to income when determined to be dry.

Consolidated financial statements of the company and subsidiaries include the accounts of all companies in which the company, directly or indirectly, has ownership of more than 50% of the issued capital stock.

Note 2 TRANS-CANADA PIPE LINES LIMITED

The company, as at December 31, 1958 held 1,044,073 common shares of Trans-Canada Pipe Lines Limited together with the undernoted rights and obligations acquired at a cost of $30,493,373:

(a) The obligation to purchase from time to time, when called upon to do so in the event of certain deficiencies in the earnings of Trans-Canada during the period November 1, 1958 to December 31, 1963, up to $7,140,000 principal amount of 5½% subordinated convertible income notes due 1987. (These notes are convertible after July 1, 1964 into shares at $15 per share).

(b) The right to purchase before December 31, 1963 one-third of the above described notes ($2,380,000 in principal amount convertible into 158,666 shares).

Note 3 LONG TERM DEBT

Details of long term debt.

		December 31, 1958	1957
5½%	Secured Notes due September 1, 1971		
	Series A	$ 3,000,000	$ 3,000,000
	Series B ($5,500,000 U.S.)	5,310,799	5,310,799
	(both series were issued with Class A share purchase warrants and subject to sinking fund)		
5¾%	Secured Convertible Sinking Fund Debentures, 1956 Series, due December 15, 1971 (one-half of $5,087,000 at December 31, 1958 convertible into Class A shares)	5,369,000	6,375,500
6½%	Secured Sinking Fund Pipe Line Bonds, due November 1, 1977	1,900,000	1,100,000
5½%	Mortgage maturing September 1, 1975 (payable in monthly installments)	589,565	624,816
5%	Convertible Subordinated Debentures due July 1, 1971		7,241,000
		16,169,364	23,652,115
	Less — Current portion	733,392	520,252
		$15,435,972	$23,131,863

Notes to Financial Statements (continued)

Note 4 CAPITAL STOCK

(a) The holders of Class A shares are entitled to cumulative dividends of 25¢ per share per annum. After payment of this dividend the Class B shareholders are entitled to dividends up to 25¢ per share per annum. Dividends in excess of the foregoing in any year are payable equally on Class A and Class B shares. Class B shareholders have exclusive voting power unless the dividend on the Class A shares is in default for two years at which time the shares will have equal rights during the period of default.

(b) During the year the following amounts were credited to capital stock accounts:
  (1) $7,432,509 upon conversion of debentures into 509,753 Class A shares.
  (2) $211,382 upon issuance of 22,100 Class B shares to officers and employees upon exercise of options.

(c) There were 242,632 Class A shares reserved at December 31, 1958 for issuance upon conversion of debt and upon exercise of warrants as follows:

5½%	Secured Notes, Series A and B (each $1,000 Note was issued with a purchase warrant entitling holder to purchase 7 Class A shares at $16 per share on or before September 1, 1966)	59,500 shares
5¾%	Secured Convertible Sinking Fund Debentures, 1956 Series (Convertible as to one-half of principal amount on or before December 15, 1966 — initial price effective until December 15, 1960 approximately $13.89 per share)	183,132 shares
		242,632 shares

(d) As of December 31, 1958 there were outstanding options held by officers and key employees to purchase 168,550 Class B shares at prices ranging from $10 to $20.25 per share at varying dates to February 19, 1968.

Note 5 EARNED SURPLUS

(a) During the year certain oil and gas properties were exchanged for an investment in Trans-Canada Pipe Lines Limited. The difference of $3,430,245 between the fair value of the properties (which was equivalent to the market value of the investment) and the net book value of the properties has been credited to earned surplus account.

(b) As of January 1, 1958 the company and its subsidiaries adopted the accounting policy of charging all exploration costs to income as incurred. Prior to that date such costs, applicable to owned properties, were deferred pending evaluation of the properties. If the properties proved to be productive the costs were capitalized and if unproductive charged to income. The charging of all exploration costs to income has been applied retroactively and results in a reduction in earned surplus at January 1, 1958 of $789,133. This amount represents the costs incurred on properties which had not been evaluated at that date and the unamortized portion of costs capitalized. The loss for 1958 would have been approximately $135,000 less had this change in accounting policy not been made.

Note 6 EXECUTIVE REMUNERATION AND LEGAL FEES

In arriving at the loss for the year the following charges were included:

Executive remuneration	$178,251
Directors' fees	8,200
Legal fees	75,008

Note 7 CONTINGENT LIABILITY

In order to finance the construction of a pipe line from the Swan Hills oil field, which was completed at a cost of approximately $5,600,000 on January 9, 1959, Federated Pipe Lines Ltd., 50% owned by the company, incurred bank loans totalling $4,797,200. As at December 31, 1958 the company had guaranteed $2,400,100 of these loans. The total loans will be liquidated by Federated from the proceeds of a proposed long term debt issue. The purchasers of such issue require that the company and the other shareholder of Federated enter into a throughput and deficiency agreement with Federated.

HOME OIL COMPANY LIMITED

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Home Oil Company Limited (incorporated under the Companies Act of Canada) and subsidiary companies as at December 31, 1958 and the related consolidated statements of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully described in Note 5 (b) to financial statements, the company and its subsidiaries, with our approval, have changed their accounting policy regarding exploration costs. In our opinion the companies otherwise have maintained their accounts on a basis consistent with that of the preceding year.

We have obtained all the information and explanations we have required and, in our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and earned surplus were prepared in conformity with generally accepted accounting principles and present fairly the financial position of Home Oil Company Limited and subsidiary companies as at December 31, 1958 and the results of their operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants

Calgary, Alberta
March 13, 1959

HOME OIL COMPANY LIMITED

Head Office 304 - 6TH AVENUE WEST, CALGARY, ALBERTA

DIRECTORS

* R. A. BROWN, JR.	Calgary, Alberta
* R. M. BROWN	Vancouver, B.C.
* A. CLARK	Calgary, Alberta
* E. F. DAVIS	Los Angeles, California
M. A. DUTTON	Calgary, Alberta
* B. W. GILLESPIE	San Mateo, California
* J. W. MOYER	Calgary, Alberta
W. A. ROCKEFELLER	New York, N.Y.
J. B. WEIR	Montreal, Quebec
* R. WILL	Calgary, Alberta
A. H. WILLIAMSON	Vancouver, B.C.

* Member Executive Committee

OFFICERS

J. W. MOYER	*Chairman, Board of Directors*
R. A. BROWN, JR.	*President and Managing Director*
R. M. BROWN	*Vice-President*
A. CLARK	*Vice-President*
B. W. GILLESPIE	*Vice-President*
M. C. GOVIER	*Secretary and Treasurer*
J. W. HAMILTON	*Assistant-Secretary*
R. F. PHILLIPS	*Comptroller*

Auditors

RIDDELL, STEAD, GRAHAM & HUTCHISON

Solicitors

MACLEOD, MCDERMID, DIXON, BURNS
MCCOLOUGH, LOVE and LEITCH

Bankers

THE CANADIAN BANK OF COMMERCE

Transfer Agents

CROWN TRUST COMPANY

EMPIRE TRUST COMPANY

Registrars—Capital Stock

CROWN TRUST COMPANY

THE CANADIAN BANK OF COMMERCE TRUST COMPANY

Listings

TORONTO STOCK EXCHANGE

VANCOUVER STOCK EXCHANGE

CALGARY STOCK EXCHANGE

MONTREAL STOCK EXCHANGE

AMERICAN STOCK EXCHANGE

PACIFIC COAST STOCK EXCHANGE

OPERATING ORGANIZATION

Robert A. Brown, Jr. — *President and Chairman of the Management Committee.*
John W. Moyer — *Chairman of the Board.*

Alex Clark — *Vice-President, Exploration.*
John L. Carr — *Chief Geologist.*
George J. Blundun — *Chief Geophysicist.*
Robert E. Humphreys — *Manager, Land Department.*
A. B. Van Tine — *Exploration Research.*

Robert W. Campbell — *General Manager, Production and Pipelines.*
Maurice P. Paulson — *Chief Engineer and Operations Manager.*
John H. Hamilton — *Assistant Operations Manager.*
William D. Lundberg — *Production Superintendent.*
Alexander G. Morison — *Chief Petroleum Engineer.*
Howard R. Wyckoff — *Drilling Superintendent.*
Gordon W. Webster — *Drilling Contracts and Unitizations.*

Max C. Govier — *Secretary and Treasurer.*
Ross F. Phillips — *Comptroller and Chief Accountant.*
Bartlett B. Rombough — *Assistant to the Treasurer.*
John W. Bellamy — *Assistant to the Treasurer, Taxation.*
Ronald B. Coleman — *Secretarial and Legal Officer.*
John D. Balfour — *Manager, Personnel and Industrial Relations.*
Edward P. Swiffen — *Purchasing Agent.*
George M. Thomson — *Manager, Machine Data Processing.*

Ian M. Drum — *Manager, Special Projects.*

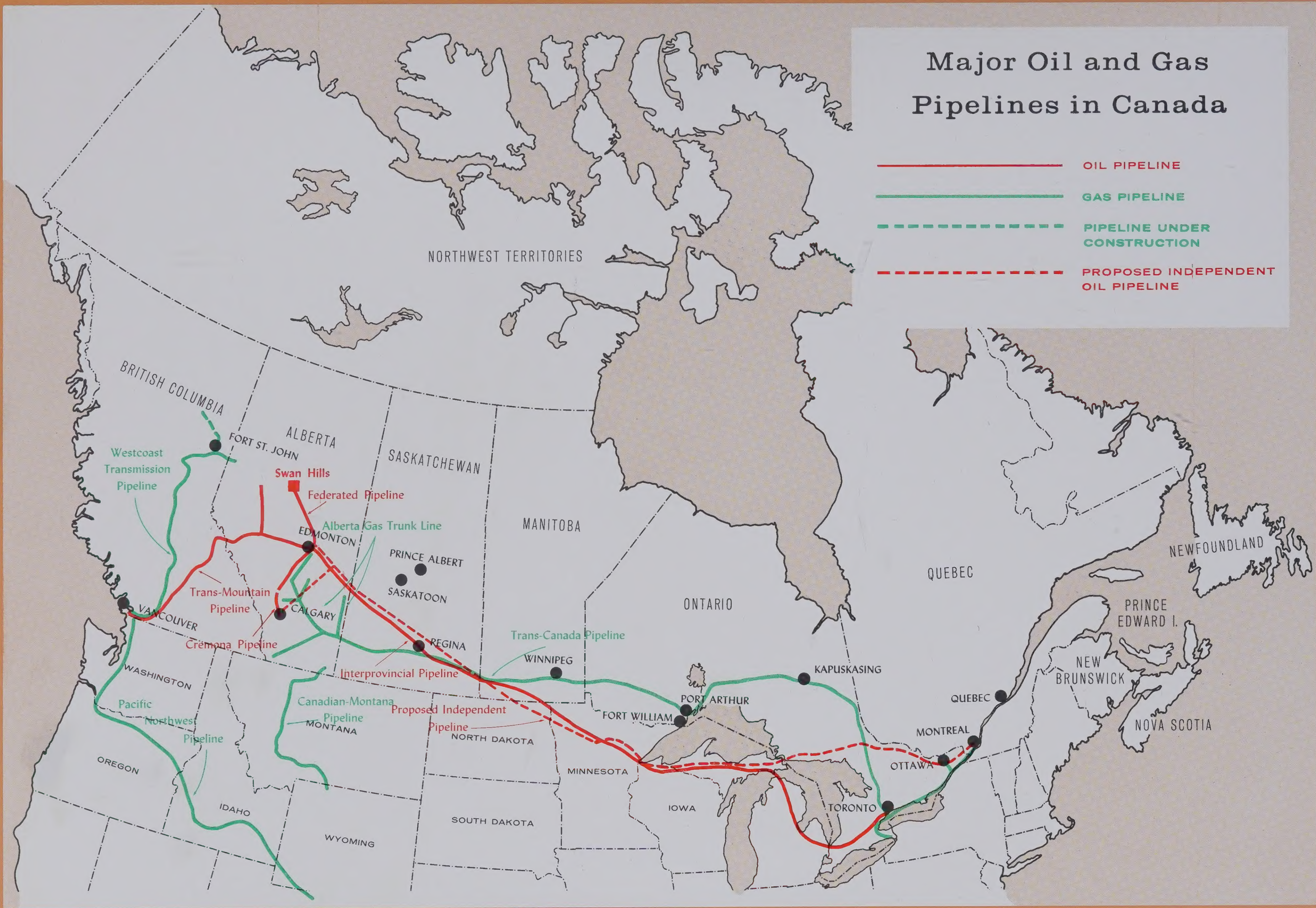
James H. Gray — *Manager, Public Relations.*

HOME OIL COMPANY LIMITED
and Subsidiary Companies

5 YEARS AT A GLANCE ● 1954 TO 1958

	1958	1957	1956	1955	1954
FINANCIAL					
Gross income from operations	$ 7,510,000	$ 9,097,000	$ 8,712,000	$ 6,285,000	$ 6,004,000
Income before capital charges	2,853,000	4,323,000	4,586,000	3,426,000	3,008,000
Net income (loss)	(597,000)	(770,000)	(746,000)	367,000	791,000
Capital expenditures including dry hole costs	8,153,000	4,533,000	13,428,000	7,709,000	3,716,000
Working capital (deficiency)	(20,992,000)	(3,578,000)	8,167,000	1,356,000	2,294,000
Properties, wells, plant and equipment less depletion and depreciation	35,819,000	34,293,000	35,116,000	26,680,000	21,356,000
Investment Trans-Canada Pipelines Ltd.	30,493,000	12,985,000	—	—	—
Long term debt (due after one year)	15,436,000	23,132,000	22,506,000	6,234,000	2,520,000
Shareholders' equity	31,798,000	22,365,000	22,639,000	23,779,000	23,341,000
RESERVES					
Crude Oil (bbls.)	152,644,000*	81,691,000*	53,485,000*	34,620,000	25,500,000
Natural Gas Liquids (bbls.)	13,118,000*	6,322,000*	7,778,000*	5,720,000	606,000
Natural Gas (billion c.f.)	495*	306*	359*	367*	200
PRODUCTION					
Crude Oil (bbls.)	2,471,111	3,092,797	3,244,109	2,254,000	1,972,000
Natural Gas Liquids (bbls.)	64,800	65,074	59,600	70,000	63,000
Natural Gas (m.c.f.)	5,371,993	6,122,928	5,690,747	6,920,000	6,494,000
WELLS DRILLED					
Gross	43	30	104	57	27
Net					
Oil	5	10	51	19	8
Gas	3	2	1	3	1
Dry	8	5	9	5	2
PRODUCING WELLS — OIL					
Gross	400	400	404	315	282
Net	238	243	246	193	193
PRODUCING WELLS — GAS					
Gross	22	14	14	13	13
Net	10	9	9	8	8
CAPPED GAS WELLS					
Gross	39	32	35	32	21
Net	12	10	9	9	6
EXPLORATION ACREAGE					
Gross	2,540,525	2,026,986	1,655,000	893,000	958,000
Net	1,104,335	768,564	674,000	400,000	322,000
CREMONA PIPELINE THROUGHPUT					
Total	2,697,433	2,169,995	646,526	—	—
Average	7,390	5,945	7,027	—	—

* Includes probable additional reserves.
All statistical data appearing in this report refers to Home Oil & Federated Petroleums as if the amalgamation had been in effect during the periods referred to.


Major Oil and Gas Pipelines in Canada
OIL PIPELINE
GAS PIPELINE
PIPELINE UNDER CONSTRUCTION
PROPOSED INDEPENDENT OIL PIPELINE
NORTHWEST TERRITORIES
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
NEWFOUNDLAND
PRINCE EDWARD I.
NEW BRUNSWICK
NOVA SCOTIA
FORT ST. JOHN
Westcoast Transmission Pipeline
Swan Hills
Federated Pipeline
Alberta Gas Trunk Line
EDMONTON
PRINCE ALBERT
SASKATOON
Trans-Mountain Pipeline
CALGARY
VANCOUVER
Cremona Pipeline
REGINA
Interprovincial Pipeline
Trans-Canada Pipeline
WINNIPEG
KAPUSKASING
PORT ARTHUR
FORT WILLIAM
QUEBEC
MONTREAL
OTTAWA
TORONTO
WASHINGTON
Pacific Northwest Pipeline
Canadian-Montana Pipeline
MONTANA
Proposed Independent Pipeline
NORTH DAKOTA
OREGON
IDAHO
WYOMING
SOUTH DAKOTA
MINNESOTA
IOWA

Lithokraft
of Calgary
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